

and Interior officials sought throughout January to get the White House's okay, without success. When Suzanna Hubbell showed up for a staff meeting on that date, Interior Chief of Staff Tom Collier directed his deputy, B.J. Thornberry, to pull her out, until the White House approved her status. Hubbell and Thornberry then both got on the phone and tried to get an answer themselves, Sweeney said.

"Suzy called Lindsey to see if he could find out about the request for approval," said Sweeney. Lindsey, the associate White House counsel and a family friend, was unavailable, so she left a message.

Suzanna Hubbell then called Deputy White House Chief of Staff Erskine Bowles, who said he would get back to her, Sweeney said.

While she waited, Lindsey returned Suzanna Hubbell's call, and talked to both Thornberry and Hubbell. "He said he'd check and get back, which he did not do," said Sweeney. Later, Sweeney said, Bowles called Thornberry and said that Suzanna Hubbell could be reinstated.

A White House official, who asked not to be named, described Lindsey's conversation differently. The official said that by the time Lindsey called Suzanna Hubbell back, the "glitch" already had been resolved and Thornberry told Lindsey that. The official said Lindsey was not asked to do anything, and was not involved in or aware of a decision by White House counsel Abner J. Mikva that day to allow Suzanna Hubbell to return to work.

The accounts given by the White House and Interior Department officials yesterday not only differed slightly from each other, they varied from Sweeney's statement Wednesday that Thornberry initiated the contact with Lindsey as "a courtesy" to inform him that Suzanna Hubbell had been reinstated.

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Let me just end up by saying that Judge Woods, we believe, should recuse himself to eliminate any possibility of an appearance of impropriety in the case involving Jim Guy Tucker. I think that most of my colleagues, when they look at this information and read it in the CONGRESSIONAL RECORD, will agree with that.

One other thing, Mr. Speaker, I would like to put into the CONGRESSIONAL RECORD tonight and talk about is an article that was in the Washington Post today. The FDIC says that the Rose Law Firm, for which Hillary Rodham Clinton was a partner, was faulted by this agency's inspector general.

Mr. Speaker, I submit the following:

[From the Washington Post, Aug. 1, 1995]

FDIC, ROSE LAW FIRM FAULTED BY AGENCY  
INSPECTOR GENERAL  
(By Susan Schmidt)

The inspector general of the Federal Deposit Insurance Corp. concluded yesterday that the agency ignored numerous conflicts of interest in hiring the Rose Law Firm and glossed over its failings in a report last year intended to examine whether Rose had been improperly hired.

The report issued yesterday took both Rose and FDIC lawyers to task.

The inspector general's investigation was prompted by Republican charges of a "white-wash" in the FDIC's earlier inquiry into conflict of interest charges involving the Arkansas law firm, where first lady Hillary Rodham Clinton was a partner.

The inspector general's office said it sent the report to the FDIC general counsel for possible legal sanctions against the Rose firm, including recovery of overbillings, and said it reported professional misconduct to authorities. The report came a week before the House Banking Committee is expected to examine Rose's work for the government as part of overall hearings into Whitewater.

Former Rose partner Webster L. Hubbell came in for the harshest criticism for failing to disclose his own and his firm's extensive ties to Madison Guaranty Savings & Loan when he agreed to sue the failed thrift's accountants on behalf of taxpayers in 1989.

Hubbell, the former number three official in the Clinton Justice Department, is scheduled to report to prison next week for defrauding his firm and overbilling clients, including the FDIC.

Among the conflicts the inspector general said Rose failed to disclose to the FDIC was the fact that the firm—in particular partner Hillary Clinton—had represented Madison before the Arkansas state securities department during the mid-1980s when the struggling S&L was seeking approval for a recapitalization plan. As part of that effort, Rose presented statements prepared by the accounting firm of Frost & Co. showing that Madison was in good financial shape, though the thrift was actually close to insolvency.

Hillary Clinton was on a \$2,000-a-month retainer at Madison during the mid-'80s. The inspector general's report found no conflict of interest in her performance of a few hours of work in an S&L case that involved Dan Lasater, a Little Rock bond dealer and Clinton supporter who went to prison for cocaine distribution.

Hillary Clinton gave an affidavit to the FDIC inspector general, then submitted to an interview, but was not placed under oath. Her attorney, David Kendall, said she would have been willing to take questions under oath, but the inspector general did not want a court reporter present, as Kendall said he would have required.

The inspector general's office launched its investigation 18 months ago after the FDIC legal division issued a report finding that neither the Rose firm nor the FDIC had a look into both the alleged conflicts and how the report was prepared.

In 1989, Hubbell circulated a memo among his colleagues saying he intended to sue Frost & Co. on behalf of the FDIC. He asked whether anyone knew of any Rose firm conflicts that would prevent the firm from taking the case, but got no reply.

Hubbell's own conflicts should have kept the firm out of the case under a standard that forbids even the "appearance of impropriety," according to the inspector general.

Hubbell failed to tell FDIC lawyers that his father-in-law was a Madison consultant and borrower whose loans were among those the government contended Frost & Co. should have flagged for Madison board members.

Rose's conflicts were so extensive, said the inspector general, that the firm was even representing a company partly owned by the very auditor who did Madison's books—putting Rose in position of both suing and representing the same person.

Rose managing partner Ronald Clarke said lawyers there "disagree with everything in the report. We did not have a conflict of interest in the Madison-Frost litigation." He said the firm hired two independent legal experts who agreed it did not have conflicts, but he said lawyers there believe the inspector general's findings were inevitable given the political interest in the issue in Congress.

The House Banking Committee's hearings next week will focus on Madison and owner

James B. McDougal's financial relationship with the Clintons, including their joint ownership of Whitewater. Madison failed in 1989 at a cost to taxpayers of \$65 million.

The voluminous FDIC report and backup documents were sent to congressional banking committee leaders Friday. The agency released a seven-page executive summary yesterday. A separate report is expected soon from the inspector general's office of the federal S&L cleanup agency, Resolution Trust Corp., for which Rose also did work.

Mr. Speaker, the fact of the matter is there have been numerous people indicted, numerous people removed from positions of authority in the White House, numerous people who have been convicted or will be convicted, I believe, because of the indictments that are coming down who are connected to this administration.

I believe and hope that the Banking Committee here in the House and the corresponding committee in the other body, will get to the bottom of all of this and bring to justice those people who broke the law.

At the very least, the appearance of impropriety for so many people in this administration is something that everybody in this country ought to be worried about. As the weeks and months come as these investigations continue to unfold, I will bring to the floor information for my colleagues to take a look at, because I think it is extremely important that the people's House and the people who represent the people of this country are apprised of all the facts of the case of Whitewater, the Arkansas Financial Development Authority, the Madison Guaranty Corporation, and other situations involving people in this administration.

With that I yield back the balance of my time.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. YATES (at the request of Mr. GEPHARDT), for Monday, July 31, after 7:45 p.m., on account of personal reasons.

Mr. TUCKER (at the request of Mr. GEPHARDT), for Monday, July 31, on account of official business.

Mrs. MEYERS of Kansas (at the request of Mr. ARMEY), on July 27, 28, and 31, on account of illness in the family.

Mrs. THURMAN (at the request of Mr. GEPHARDT), for today, on account of illness in the family.

#### SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. FARR) to revise and extend their remarks and include extraneous material:)

Mr. SKAGGS, for 5 minutes, today.

Mr. FRANK of Massachusetts, for 5 minutes, today.

Mr. MILLER of California, for 5 minutes, today.